Supreme Court, U.S.
FILED
MAR 16 1989
JOSEPH F. SPANIOL, JR.
CLERK

No. 88-1335

IN THE

Supreme Court of the United States

OCTOBER TERM, 1988

GETTY PETROLEUM CORP.,

Petitioner,

– against –.

BARTCO PETROLEUM CORP.,
NICHOLAS J. BARTOLOMEO, ANTHONY GOLIO,

Respondents.

PETITIONER'S REPLY BRIEF TO RESPONDENTS' BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

ROBERT G. DEL GADIO
Counsel of Record
DEL GADIO & WHITE
Attorneys for Petitioner
1010 Franklin Avenue
Garden City, New York 11530
(516) 746-1190

TABLE OF CONTENTS

Page(s)

TABLE OF AUTHORITIES..... ii

TABLE OF STATUTORY AND CONSTITUTIONAL PROVISIONS..... iii

POINT I

RESPONDENTS WAIVED THEIR CHALLENGE TO PUNITIVE DAMAGES UNDER THE LANHAM ACT AND MISSTATED THE RECORD BEFORE THE DISTRICT COURT, THE COURT OF APPEALS AND, NOW, THIS COURT..... 2

POINT II

THE TRIAL RECORD DEMONSTRATED CONCLUSIVELY ACTUAL CONFUSION BY THE MOTORING PUBLIC AND THAT THE ACT OF SELLING NON-GETTY GASOLINE FROM GETTY BRAND GASOLINE STATIONS CONSTITUTED A FRAUD ON THE PUBLIC..... 11

CONCLUSION..... 16

TABLE OF AUTHORITIES

Cases	Page(s)
City of Newport v. Fact Concert, Inc., 453 U.S. 247 (1981).....	5,7,10
Mastercrafters Clock & Radio Co. v. Vacheron & Constantin-Le Coultre Watches, Inc., 221 F.2d 464, 467 (2d Cir. 1955), cert. denied, 350 U.S. 832 (1955...	14
Springfield v. Kibbe, 480 U.S. 257 (1987).....	10
Spring Mills, Inc. v. Ultracashmere House, Ltd., 689 F.2d 1127, 1135 (2d Cir. 1982)..	14
The Wisser Co., Inc. v. Mobil Oil Corp., 730 F.2d 54, 60...	16
Underwriters' Laboratories, Inc. v. Smith, 41 Misc.2d 756, 246 N.Y.S.2d 436 (Sup. Ct. 1964)...	12

TABLE OF STATUTORY AND CONSTITUTIONAL PROVISIONS

	Page(s)
Lanham Trademark Act of 1946.....	passim
Fed. R. Civ. P. 49(a).....	11
Fed R. Civ. P. 51.....	9,11

No. 88-1335

IN THE

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1988

GETTY PETROLEUM CORP.,

Petitioner,

- against -

BARTCO PETROLEUM CORP.,
NICHOLAS J. BARTOLOMEO,
ANTHONY GOLIO,

Respondents.

PETITIONER'S REPLY BRIEF TO RESPONDENTS' BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

POINT I

RESPONDENTS WAIVED THEIR CHALLENGE TO PUNITIVE DAMAGES UNDER THE LANHAM ACT AND MISSTATED THE RECORD BEFORE THE DISTRICT COURT, THE COURT OF APPEALS AND, NOW, THIS COURT

Respondents challenged the availability of punitive damages under the Lanham Act for the first time, only after the second jury's verdict. Respondents misrepresented in their brief to this Court that they objected earlier.

Respondents assert in their opposition brief before this Court that they raised their claim that punitive damages are not available under the Lanham Act, for the first time, on July 8, 1987, at a conference prior to the second trial and that they asked the District Court to certify that question for appeal. The full transcript of that conference has been obtained

and submitted to this court as Reply Appendix A. It demonstrates the falsity of that representation, highlighting petitioner's argument that the purposes of Rule 51 are ill-served by permitting a party to sandbag a legal issue by not objecting to a jury charge and raising it for the first time after the jury's verdict, before appeal.

Respondents further misstated the record to both the District Court and the Court of Appeals. The first misstatement occurs in the affidavit of Clifford Chu, Esq., dated July 24, 1987 to the District Court, in support of respondent's motion for judgment n.o.v. Mr. Chu stated:

> At a conference held on July 8, 1987, defendants' attorneys argued, among other things, that since (a) the only non-contractual claims presented to the first jury were predicated upon the Lanham Act, and since the availability of punitive damages

> under the Lanham Act, 15 U.S.C. 1117(a) had been denied by other circuit courts of appeal; and, (b) the Second Circuit has not expressly ruled on this issue, the issue should have been certified pursuant to 28 U.S.C. § 1292(b). This court orally denied that motion at the conference.

(A 213). The transcript of the July 8, 1987 proceedings was not reproduced by respondents and not annexed as an exhibit to that motion.

The same misstatement is found in respondent's brief before the Court of Appeals for the Second Circuit and was aggravated by their reply brief. The appellant brief contained the following statement:

> Defendants Bartco and Bartolomeo retained its present counsel for the second trial and requested Judge Mishler to certify the issue of availability of punitive damages under the Lanham Act, pursuant to 28 U.S.C. § 1292(b); Judge Mishler declined to certify the question.

(Respondent's brief to the Court of Appeals, pp. 3-4).

In respondent's reply brief to the Second Circuit the respondents cited City of Newport v. Fact Concert, Inc., 453 U.S. 247 (1981) and referred to a letter written on July 7, 1987 (Appendix B), implying both that the July 7, 1987 letter raised the Lanham Act question and that the respondents cited Fact Concerts in that letter for the argument which finally formed the basis of the Second Circuit's opinion.

Finally, the respondents continue in this vein by insisting in their opposition brief to the petition for writ of certiorari that they raised the issue of punitive damages under the Lanham Act prior to the second jury's verdict. The July 7, 1987 letter and the July 8, 1987 conference, however, involved an entirely different

challenge to the punitive damage award in the first trial.

The July 7, 1987 letter raised the single issue of whether the jury charge and the special verdict form given to the first jury allowed that jury discretion to decline to award punitive damages. That letter presented the issue as follows:

> Specifically, the charge to the jury on punitive damages usurped the jury's discretion to decline to assess a civil fine, because it instructed them to award punitive damages against any defendant once they found that such defendant acted wilfully, intentionally and with a callous and reckless disregard of plaintiff's rights.[1]

---

[1]The District Court found this argument frivolous. At the first trial the jury was told that it "may" and not that it must award punitive damages. Moreover, no objection by counsel for the respondents was made to this claimed error, one easily corrected by an additional instruction. Accordingly, the District Court concluded

(Footnote Continued)

(Reply Appendix B3). The citation of Fact Concerts in that letter had nothing at all to do with the Lanham Act, but rather respondents cited that case for the proposition that the claimed failure of the court to permit the jury discretion to deny an award of punitive damages, constituted plain error. (Reply Appendix B6).

The July 8, 1987 hearing consisted of extensive argument between respondents' counsel and the District Court on that single issue. The District Court followed Bartco's counsel to the extent that the Court at the second trial first asked the jury to decide whether to award punitive damages and then to decide the amount.

(Footnote Continued)
that Rule 51 barred this objection. At the second trial the jury was clearly given the option not to award any punitive damages whatsoever.

Thus, through the entire course of the second trial the respondents presented the impression that this constituted the sole challenge to plaintiff's punitive damage recovery, an impression reinforced by the fact that respondents, Bartco and Bartolomeo, presented their own charge on punitive damages in both the first and second trials and did not object to the punitive damage charge at either trial. Only in their motion for judgment, n.o.v. and again before the Court of Appeals, did the respondents, Bartco and Bartolomeo, attempt to utilize a hearing, the transcript of which they failed to obtain and reproduce, as evidence of an argument they claimed to have raised, but never did raise.

It is evident that the respondents' conduct in this case foreclosed a challenge

to the punitive damage charge before the Second Circuit. The failure to object to the punitive damage charge at the first and second trials, coupled with presentation of charges on punitive damages by the respondents and a single challenge, raised by counsel for the respondents at the second trial, not to the availability of punitive damages under the Lanham Act, but to the nature of the charge at the first trial, eliminated any legitimate right to raise the punitive damage issue on appeal. At no time during either the first or second trial, prior to the submission to the jury, was the petitioner ever given notice that the availability of punitive damages was at issue.

The clear purpose of Rule 51 is to permit a party to rectify a claimed error prior to its submission to the jury. This

could easily have been accomplished in this case due to the availability of the punitive damage award under New York State law. In Springfield v. Kibbe, 480 U.S. 257 (1987) this Court, in declining certiorari as improvidently granted, stated:

> We think, however, that there would be considerable prudential objection . to reversing the judgment because of instructions that the petitioner accepted, and indeed himself requested.

480 U.S. 257, 259 (1987).

The prudential warning of this court in Kibbe fell on deaf ears before the Second Circuit, which reached out to hear the Lanham Act issue, borrowing from the discretion taken by this Court in Fact Concerts. The inequities of this result are evident and demonstrate that the Court of Appeals' departure from the dictates of Rule 51 constituted error. By effectively sandbagging their challenge to the punitive

damage instruction and misstating the record before the District Court and the Court of Appeals, the respondents escaped the judgment of two juries. To permit such a result would render Rule 51 meaningless and do violence to the integrity of the judicial proceedings now before this Court.

POINT II

THE TRIAL RECORD DEMONSTRATED CONCLUSIVELY ACTUAL CONFUSION BY THE MOTORING PUBLIC AND THAT THE ACT OF SELLING NON-GETTY GASOLINE FROM GETTY BRAND GASOLINE STATIONS CONSTITUTED A FRAUD ON THE PUBLIC

The respondents attempt to escape the force of petitioner's Rule 49(a) argument based upon their assertion that under New York State law punitive damages may only be awarded where actual confusion is present and the wrong committed affected the public

generally.[2] Petitioner does not concede that New York law requires proof of actual confusion and that the wrong must affect the public.[3] Nevertheless, petitioner has satisfied even respondents' version of the law. No more perfect an example of both these elements can be imagined than in the present case where the respondents

---

[2]The cases respondents mistakenly rely upon are limited to their own facts which involve infringement of trade dress and the acquiring of a secondary meaning by non-functional features and should not be considered by this Court as an exposition of the state of New York Law.

[3]In Underwriters' Laboratories, Inc. v. Smith, 41 Misc.2d 756, 246 N.Y.S.2d 436 (Sup. Ct., 1964), defendant's use of counterfeit Underwriters' Laboratories labels on substandard articles was detrimental to the plaintiff and constituted a fraud on the public warranting an award of punitive damages. The court made no finding of actual confusion, awarding only $1 in nominal damages as compared with $10,000 in exemplary damages.

infringed upon Getty's trademark by selling and contributing to the sale of unbranded gasoline through Getty brand gasoline stations.

Of the three stations involved in this case, two were branded Getty by Getty brand signs on the building and at a pole on the corner of each station and on the gasoline dispensing pumps. The third station had a Getty brand sign on a pole at the corner of the station and on the gasoline dispensing pumps. The non-Getty gasoline was delivered to the stations, mixed with Getty brand gasoline and sold from the dispensing pumps bearing the Getty brand and trademark to any motorist who came into the station to purchase Getty gasoline. All such

motorists were actually deceived and defrauded.[4]

---

[4] The respondents have not appealed from: the jury finding that the respondents knowingly infringed the Getty trademark; the finding of compensatory damages; or from the finding by the jury that the respondents' "infringing acts were done willfully, intentionally and with a callous and reckless disregard for Getty's trademark rights."

Where a defendant's predatory practices evidence the intent to copy or to benefit from another's property right and the only issue is likelihood of confusion, the courts have consistently stated that the burden then rests with the alleged wrongdoer to prove an absence of likelihood of confusion. Mastercrafters Clock & Radio Co. v. Vacheron & Constantin-Le Coultre Watches, Inc., 221 F.2d 464, 467 (2d Cir. 1955), cert. denied, 350 U.S. 832 (1955); Spring Mills, Inc. v. Ultracashmere House, Ltd., 689 F.2d 1127, 1135 (2d Cir. 1982).

The respondents did not come forward with proof showing either an absence of likelihood of confusion or evidence of an absence of actual confusion. The failure of the respondents to appeal from any other finding other than the finding of the amount of punitive damages, precludes them

(Footnote Continued)

The following volumes of non-branded gasoline purchased and sold as Getty gasoline were admitted:

1. 455,365 gallons sold at the Oceanside station, 285,815 gallons of which constituted actual infringement by Bartco and Bartolomeo;

2. 212,727 gallons sold at the New Hyde Park station; and

3. 134,001 gallons sold at the Garden City Park station.

Substantial evidence existed that far greater volumes of non-branded gasoline were sold at these three stations, for which, however, invoices were not produced.

The assertion by the respondents that their activities did not constitute actual confusion and an actual fraud on the public

---

(Footnote Continued)
from raising in this court for the first time the issue of lack of actual confusion.

is simply ridiculous. It would require an omniscient motorist, or one with the powers of ESP, to conclude that he was purchasing anything but Getty gasoline, when pulling into a station with Getty signs and pumps bearing the Getty trademark. For good reason, therefore, the Second Circuit noted that the sale of non-branded gasoline constitutes, "a fraud on the public," in The Wisser Co., Inc. v. Mobil Oil Corp., 730 F.2d 54, 60. There can be no question that under New York State law the petitioner was entitled to recover punitive damages for unfair competition, on the identical set of facts giving rise to a Lanham Act violation.

CONCLUSION

For all of the above reasons, and for the reasons stated in petitioner's petition for a writ of certiorari to the United

States Court of Appeals for the Second Circuit, this Court should issue a writ of certiorari, as prayed for herein, to review the opinion and judgment of the United States Court of Appeals for the Second Circuit.

Dated: Garden City, New York
March 14, 1989

Respectfully submitted,

ROBERT G. DEL GADIO
Counsel of Record
DEL GADIO & WHITE
1010 Franklin Avenue
Garden City, NY 11530
(516) 746-1190

Robert G. Del Gadio
Randolph E. White
Of Counsel